

**Page Denied**

Next 1 Page(s) In Document Denied

TOP SECRET

## THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

28 March 1980

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence 25X1

THROUGH : Deputy Director for National Foreign Assessment  
National Intelligence Officer for Warning 25X1

FROM : John H. Holdridge  
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East Asia Pacific

SUBJECT : Warning Assessment: China-East Asia Pacific 25X1

The following items were discussed by the Community Representatives at the 19 March Warning Meeting. 25X1

China

1. Analysts expressed the view that the recent party plenum had provided a stable basis for further development (particularly economic) in China. Some analysts noted that there were still outstanding political problems to be overcome, but there was a general consensus that although troublesome, none of these problems -- that of dealing with recalcitrant bureaucracy was particularly stressed -- was insurmountable, or at least uncontainable. The question of succession to the present leadership was also addressed. All analysts agreed that Deng Xiaoping had done very well in putting his supporters into key positions, and most believed that Hua Guofeng had at the same time lost ground. Deng was now likely to have greater latitude in pushing his programs. 25X1

2. After some discussion, analysts generally concluded that the Sino-Soviet border remained quiet -- some thought exceptionally quiet -- and that there had been little discernible movement in any direction in Sino-Soviet relations. 25X1

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TOP SECRET

TOP SECRET

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 The analysts noted in particular that Moscow had reacted calmly to latest indications that the US was prepared to sell military equipment to China. Moreover, while Moscow had not moved any military units away from the Sino-Soviet border, it had drawn on forces near the border for specialist fillers needed for units assigned to Afghanistan. [REDACTED] 25X1

3. Participants in the meeting generally concluded that China was worried but not panicked by the situation regarding Pakistan. They noted that there were indications that the Chinese had run into problems parallel with those the US faced in its relations with Islamabad. From the Chinese perspective the situation in both Pakistan and Afghanistan seemed to be dangerous but not critical, and most analysts believed that the Chinese would act cautiously as the situation developed. Reference was made to the scheduled visit of a Chinese military delegation to Pakistan, but ability of the Chinese to provide significant quantities of military aid was questioned. [REDACTED] 25X1

4. The analysts saw no significant change regarding the Chinese approach to the Indochina question. There continued to be no sign that Beijing was preparing to initiate major hostilities along the Vietnamese border or the border with Laos; the Chinese seemed to continue in a holding pattern, hoping that time would work for their advantage. Although most analysts felt that the weather would not be a major factor along those borders until late summer, all agreed that once the rainy season in western Kampuchea began the odds on a Chinese attack this year would fall still further. There was some discussion of the Soviet naval combatants now gathered off Vietnam, but while there were differences among analysts as to whether or not these ships were primarily meant to reassure Hanoi or were related to US naval moves in the Indian Ocean, there was unanimous agreement that their presence off Vietnam was not particularly ominous at this juncture. A fuller report on the Soviet military presence in Vietnam was requested for the next meeting. [REDACTED] 25X1

#### Indochina

5. Analysts generally agree that there had been no major change in the overall situation in the past month. The famous Vietnamese offensive in Western Kampuchea still had not taken place, and most analysts thought it unlikely that any such offensive would occur this year. Analysts noted with interest in this connection that the

2

TOP SECRET

28 March 1980

TOP SECRET

Vietnamese appeared to be building defensive positions in the area. Some thought this might be preparatory to new sweep operations but all agreed that the season was getting late for a major offensive. There was general agreement that the Pol Pot forces remained much stronger than had been expected at this point in the dry season; several analysts noted that the DK forces were likely to enter the rainy season no weaker than they had been when the dry season began. 25X1

6. There was considerable exploration of possible reasons for the relative Vietnamese quiescence. One possible explanation was that the Soviets had not offered expected support, but the evidence for this was inconclusive. 25K1  
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More recently the Vietnamese may have been waiting to see what policies were to be adopted by the new Thai government, but this explanation also did not seem adequate. (First returns suggest that Bangkok will continue supporting Pol Pot). 25X1

7. In any event, most analysts believed that a further breathing space would occur in the fighting as both the Thais and the Vietnamese reassessed the situation. It was noted that the new premier, General Prem, was having difficulty in arriving at decisions on a whole range of subjects, of which the Kampuchean situation was just one. 25X1

#### Thailand

8. Analysts generally agreed that the change of government did not change underlying economic problems, which would be difficult to solve. Some analysts noted that the new cabinet was made up of disparate elements which would have trouble working together. Thus, the potential for additional political trouble was fairly high. Policies were not likely to change quickly, but the potential for evolution was greater than it had been under Kriangsak. One analyst suggested that Prem might eventually attempt a rapprochement with Vietnam. 25X1

9. Analysts generally agreed that the most troublesome problem, both for the Thai and for the US, was the refugee issue. Large numbers of new refugees could cross the border soon as the food situation again deteriorates in Kampuchea. A new government would probably be less likely to tolerate additional refugee infusions than the previous administration; the situation could therefore quickly become complicated. It was already clear that the Thais were exasperated at lack of international response, particularly desulatory UN handling

TOP SECRET

of the issue. (Concern on the part of some analysts of a rapid and radical change in Thai policy toward the refugees, however, seems to have been ameliorated by information [redacted] suggesting that current policies would be continued.) [redacted]

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25X1North Korea

[redacted]

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[redacted] the North Koreans are not at present actively planning and organizing for an attack against the South. [redacted]

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12. Based on a rather intense exchange of views at the meeting on the quality of I&W in Korea and the relative significance of military vs non-military indicators in developing a balanced warning judgment, we plan to convene an extraordinary session on I&W before the April warning meeting. [redacted]

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13. North-South Talks: Thus far the talks have been focused almost exclusively on procedural issues providing little opportunity for substantive comment. One analyst, however, did offer a personal view that along with Pyongyang's probable motive of using the talks to create tension during the formation of a new government in Seoul, the North might have a strong economic motive for the talks as well. Against the dismal record of achievement under the North's current seven year plan, there is incentive for Pyongyang to improve its image in international credit markets to earn financing for badly needed imports. Pyongyang might conclude that the talks, ostensibly aimed at reducing tensions on the peninsula, and a more determined effort to make interest payments on current debts (already under way) will make prospective trading partners less anxious about extending new credit. [redacted]

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South Korea

14. Analysts commented that the resumption of classes thus far had not produced the level of unrest feared in some quarters. The general state of mind among South Korean opposition and dissident

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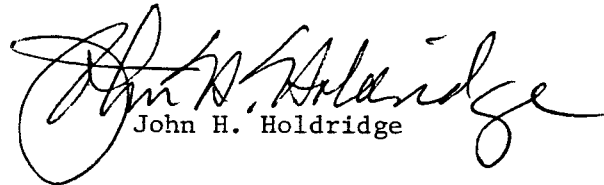
TOP SECRET

[redacted]  
28 March 1980

TOP SECRET

elements appear, for now, managable. Military strongman Chon Tu Hwan has come further in establishing his hold on power during the past few weeks, especially his hold on the military. One analyst commented that Chon had successfully established himself as one whom the US must consult which materially enhances his prestige and control over events in Seoul.

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 5

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TOP SECRET

 25X1

28 March 1980